© THE QUEEN'S PRINTER FOR ONTARIO
2001

REPRODUCED WITH PERMISSION

L'IMPRIMEUR DE LA REINE POUR L'ONTARIO

REPRODUIT AVEC PERMISSION

micromedia
a division of IHS Canada

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel: (416) 362-5211
Toll free: 1-800-387-2689
Fax: (416) 362-6161
Email: info@micromedia.on.ca

Ontario Budget 2001

RESPONSIBLE choices

Budget Speech

The Honourable James M. Flaherty
Minister of Finance

2001 Ontario Budget

Budget Speech

Responsible Choices

Presented to the
Members of the Legislative Assembly of Ontario by
The Honourable James M. Flaherty
Minister of Finance
May 9, 2001

Check against delivery

+r

General enquiries regarding the
2001 Ontario Budget, Budget Speech: *Responsible Choices*
should be directed to:

Ministry of Finance
95 Grosvenor Street, Queen's Park
Frost Building North, 3rd Floor
Toronto, Ontario
M7A 1Z1
Telephone: 416-325-0333

or call:

Ministry of Finance
(English & French enquiries) 1-800-263-7965
Teletypewriter (TTY) 1-800-263-7776

Copies are available free from:
Publications Ontario
880 Bay Street
Toronto, Ontario
M7A 1N8
Telephone: 416-326-5300
Toll-free: 1-800-668-9938
TTY Toll-free: 1-800-268-7095
Web site: www.publications.gov.on.ca

For electronic copies of this document, visit our Web site at
http://www.gov.on.ca/FIN/hmpage.html

© Queen's Printer for Ontario, 2001
ISBN 0-7794-1245-1

Le document
Budget de l'Ontario 2001, Exposé budgétaire : Des choix responsables
est disponible en français.

The people of Ontario are asking us to think ahead and exercise discipline through strong leadership and prudent management of their money. They are asking us to focus on those things that matter to them the most.

This plan does that.

Every day, hard-working families across this great province make responsible decisions about their own budgets. They expect governments to do the same thing. Even when those decisions are difficult.

Mr. Speaker, government should not be afraid to venture into new territory. Government should embrace the innovation demonstrated by so many successful small businesses and look at new ways of doing things.

This plan does that.

What I am presenting to the people of Ontario today is a clear vision for the future.

There are many people who have helped in the process.

I would like to take a few moments to thank just a few of them.

Mr. Speaker, I thank our Premier, Mike Harris, for his support and unparalleled leadership. I deeply value his dedication to building on our strengths in Ontario.

I would also like to thank all of my caucus and cabinet colleagues for their input and advice over the past 12 weeks.

And especially my Parliamentary Assistants, Ernie Hardeman and John O'Toole, for dedicating so much of their time and efforts to our pre-Budget consultations.

I would also like to give special thanks to the very dedicated and talented staff at the Ministry of Finance. They are the people who worked tremendously long hours, sacrificing time with their families and friends to make this Budget a reality. I would especially like to acknowledge my Deputy Minister, Bob Christie, Assistant Deputy Minister, Gabriel Sékaly, my Chief of Staff,

101-04537/

Responsible Choices

Mr. Speaker, the budget is balanced for the third year in a row.

It is the first time in nearly 100 years that an Ontario government has presented three consecutive balanced budgets. No other government has provided the people of Ontario with such certainty. No other government has made such responsible choices.

Mr. Speaker, it is responsible to cut taxes. We propose to continue to cut taxes this year.

It is responsible to pay down debt. I am pleased to announce that in the past fiscal year we reduced our debt by the largest amount ever in the history of the Province of Ontario—$3 billion.

It is responsible to demand value for taxpayers' money. We propose to introduce sweeping reforms to hold the entire public sector more accountable to taxpayers.

Mr. Speaker, we must act responsibly in order to guarantee the exceptional quality of life that the people of this province deserve.

Today we will build upon our government's action plan of 21 steps leading into the 21st century.

A plan based on fiscal responsibility, accountability and growth.

That plan is very important. It is both responsive and responsible. It speaks to the issues that people talk about at home with their families, at work with their colleagues and at social gatherings with their friends.

The initiatives that I am announcing in today's Budget stem from weeks of extensive consultations with my colleagues, business people, community organizations and other people from across Ontario.

People know that we have come a long way in Ontario since 1995. They know that they are better off. People have told us that they want to preserve and build on our successes. They understand that government needs to continue to act responsibly in order for this to happen.

Bronwen Evans and the rest of my staff for their hard work, patience and enthusiasm from the beginning of this process to the end.

Mr. Speaker, my wife, Christine Elliott, and our three children, John, Galen and Quinn, also deserve thanks for their understanding and support.

Finally, and most importantly, the people of Ontario who provided their ideas and advice through the process of the pre-Budget consultation. They deserve special thanks.

This Budget is really for them—for all the people in Ontario who can count on a better tomorrow because of the decisions we are making today.

Mr. Speaker, so that as many people as possible have access to the speech today, it is available on the Internet, through our Ministry of Finance Web site, at www.gov.on.ca/FIN.

Cutting Your Taxes

Under previous governments, the philosophy was to raise taxes—to spend more of people's hard-earned money. The size and scope of government grew. High taxes and big government crippled economic growth.

In 1995, the Mike Harris government changed that.

We said then and we continue to say clearly: Tax dollars belong to the people of Ontario, not the government.

The people of Ontario know that government can only "give" them what the government has taken away from them through taxes in the first place.

We believe that, given the opportunity, the hard-working people of this province will invest and spend their money in ways that will help the economy to grow. And they have.

Today, the people of Ontario have more money to spend and invest as they choose. And we are all reaping the benefits.

Mr. Speaker, since 1995, our economy has grown by almost 25 per cent.

The private-sector consensus is that our economy continues to grow this year at 2.3 per cent and growth is expected to accelerate to 3.6 per cent in 2002.

Every year for the past four years, we have matched or exceeded the consensus.

I am confident we will exceed it again.

This outstanding growth in our economy didn't happen by accident. We had a very deliberate plan. We had confidence in the people of this province, confidence in their entrepreneurial spirit and confidence in their desire to turn around the fortunes of this province.

JOBS AND THE ECONOMY

- Ontario's economy grew by a total of 11.9 per cent in 1999 and 2000, the best two consecutive years of growth since the 1980s.
- Ontario created more than 550,000 new jobs in the years 1998 through 2000, the best pace of job growth in the province's history.
- The private-sector consensus for real GDP growth is 2.3 per cent in 2001 and 3.6 per cent in 2002.
- Job growth will continue in 2001 and accelerate in 2002.

The people of Ontario accepted our plan and accepted our challenge. And now the people of our province are sharing the dividends of this plan.

At the heart of the plan were tax cuts.

Tax cuts helped to make us leaders, and they will help to keep us leaders.

Mr. Speaker, since 1995, our economy has grown by almost 25 per cent.

The private-sector consensus is that our economy continues to grow this year at 2.3 per cent and growth is expected to accelerate to 3.6 per cent in 2002.

Every year for the past four years, we have matched or exceeded the consensus.

I am confident we will exceed it again.

This outstanding growth in our economy didn't happen by accident. We had a very deliberate plan. We had confidence in the people of this province, confidence in their entrepreneurial spirit and confidence in their desire to turn around the fortunes of this province.

JOBS AND THE ECONOMY

- Ontario's economy grew by a total of 11.9 per cent in 1999 and 2000, the best two consecutive years of growth since the 1980s.
- Ontario created more than 550,000 new jobs in the years 1998 through 2000, the best pace of job growth in the province's history.
- The private-sector consensus for real GDP growth is 2.3 per cent in 2001 and 3.6 per cent in 2002.
- Job growth will continue in 2001 and accelerate in 2002.

The people of Ontario accepted our plan and accepted our challenge. And now the people of our province are sharing the dividends of this plan.

At the heart of the plan were tax cuts.

Tax cuts helped to make us leaders, and they will help to keep us leaders.

Ontario paved the way for tax cuts in this country. I am proud to say that every province in Canada is following our lead.

The Government of Nova Scotia is cutting taxes.

The Government of New Brunswick is cutting taxes.

The Government of Manitoba is cutting taxes.

The Government of Prince Edward Island is cutting taxes.

So too are Quebec, Newfoundland, Saskatchewan, Alberta and British Columbia.

Mr. Speaker, even the federal government is cutting taxes.

Finally, the federal government is recognizing that the Ontario example works.

On February 18, 1999, the federal Finance Minister, Paul Martin, said this in the House of Commons: "Overwhelmingly, the best thing one can do for low-income families is to make sure that they either pay very low taxes or no taxes at all."

Mr. Speaker, in Ontario, we've told 660,000 lower-income earners that we don't want their income tax money. With the changes proposed in this Budget, an additional 75,000 people would pay no Ontario income tax. We believe they should keep that money for themselves and their families.

Yet these same 735,000 lower-income earners would continue to pay income tax to the federal government.

Think about how much better off these families would be if they didn't pay any income tax at all.

We challenge the federal government to match Ontario's income tax cuts for the lowest-income earners of this province and this country. It is the responsible thing to do.

Mr. Speaker, I am pleased to announce today another promise kept to the taxpayers of Ontario. We propose to complete our 20 per cent personal income tax cut promised in 1999. Ninety-five per cent of taxpayers—virtually everyone earning less than $100,000 a year—would see a cut of at least 20 per cent.

Our tax cuts since 1995 mean that a family of four—two working parents and two children—with an income of $60,000 would pay $2,345 less in Ontario personal income tax. That is money to spend on a new computer, almost four months of groceries or a year's tuition at a community college—money to spend as they choose.

Our government has returned money to all taxpayers in this province. People at the lower end of the income scale have seen the biggest percentage cuts. We are proud of the steps we have taken over the years to return money to people with lower incomes.

Mr. Speaker, it is time now to look more closely at how much tax middle-class families in Ontario pay.

It is time to begin eliminating the personal income surtax—a tax that hits Ontario taxpayers with incomes that start at $54,000. People at this income level are by no means rich. This tax is an unnecessary burden on thousands of middle-class families.

We are proposing to eliminate this surtax burden for more than 340,000 people. And that is just the first step.

I suspect our critics will once again question whether middle-class families deserve such a tax cut. They will ask us today the same question they asked in 1995—Is now the right time to cut taxes? They will ask: Can we afford to cut taxes?

I ask them this: Can we afford not to cut taxes?

Since we started cutting taxes, our tax revenues have increased by more than $15 billion.

Since we started cutting taxes, our businesses have created more than 822,000 jobs. That's enough jobs to employ the combined populations of Hamilton, Kitchener, Windsor and Sudbury.

Since we started cutting taxes, business investment in this province has increased by 66 per cent.

Our economy is better for it.

Our people are better for it.

Building Growth

Mr. Speaker, our tax cuts benefit the people of Ontario. No matter what part of the province they live in. No matter how much money they make. No matter what they do for a living.

They notice our personal income tax cuts in their pay stubs and when they fill out an income tax return.

They see the evidence of our tax cuts when the companies they work for expand or hire additional staff or launch a new division.

Mr. Speaker, millions of people in Ontario rely on businesses—small and large—for their livelihood. I believe the first priority of every business in Ontario should be paying wages, not paying taxes.

That is why I am pleased to announce today *Ontario's Edge*.

It is a package of initiatives aimed at keeping the businesses of this province strong and encouraging new businesses to set up shop here. Enhancing our quality of life is central to the plan's success.

The concept is simple.

It is designed to help us achieve our goal that, within 10 years, Ontario will enjoy the best-performing economy and the highest quality of life in North America.

Mr. Speaker, there are four key components to *Ontario's Edge*.

The significant corporate income tax cuts announced in last year's Budget are the first component.

Mr. Speaker, I am announcing today that we will table legislation to implement the full schedule for our corporate income tax cuts each year between now and 2005.

By 2005, Ontario would have a lower combined corporate income tax rate than any of the 50 U.S. states. No Canadian province would have a lower general corporate income tax rate.

This move alone would make Ontario a prime destination in North America to do business.

Businesses in Ontario have told us that they need to know our schedule for cutting their taxes, so they can plan ahead. So they can know how much extra money they will have each year in order to expand their businesses or hire more people. That is why we want to give them certainty. We know from experience that they will respond positively.

The second component of *Ontario's Edge* is to begin to eliminate the job-killing capital tax.

Thousands of businesses across Ontario, in every sector, must pay capital tax whether they make money or not. That means capital tax claws back money that should be used to keep employees on the payroll.

Our Business Tax Review Panel told us this tax deters foreign companies from investing here. They told us it is a cost of doing business that almost no other country imposes.

I would like to thank the members of the Business Tax Review Panel and especially its Chair, D'Arcy Delamere, for all of their hard work.

Mr. Speaker, I am pleased to announce today that we propose to follow their recommendation and take the first step towards eliminating the capital tax.

This year I will introduce legislation to give a break to all businesses that pay capital tax by raising the threshold at which it becomes payable. The first $5 million in capital would be tax free.

This step would relieve more than 11,000 small and medium-sized businesses in Ontario of the burden of capital tax and directly support the creation of jobs. It would create more opportunities for our businesses and our economy to grow.

Mr. Speaker, the third component of *Ontario's Edge* is to undertake a thorough review of tax incentives.

The Business Tax Review Panel told us these incentives can make the tax system too complex.

We want to ensure that our tax incentives are effective, useful and relevant. We also believe that tax incentives for certain activities should not be a substitute for low tax rates across the board.

These first three components of *Ontario's Edge* are intended to build on Ontario's tax competitiveness.

Lower Taxes for People and Businesses

- We propose to cut the lowest personal income tax rate to 5.65 per cent over the next two years, and the middle rate to 8.85 per cent.
- The surtax threshold would be raised January 1, 2003, so that no one earning less than $70,000 would pay surtax; one-third of surtax payers—more than 340,000 people—would be relieved of this burden.
- Every taxpayer would see a benefit, with the largest percentage reductions concentrated on taxpayers with lower and middle incomes.
- 95 per cent of taxpayers—and virtually everyone earning less than $100,000 a year—would see a cut of at least 20 per cent.
- This would exceed our 1999 promise to deliver a 20 per cent, $4 billion tax cut to people in Ontario.
- We propose to legislate the remaining steps to reduce the corporate income tax rate to eight per cent by 2005. The small business tax rate will be four per cent by 2005.
- We propose to eliminate the capital tax on the first $5 million of taxable capital.
- Tax cuts since 1995 would provide more than $16 billion in benefits to people and businesses in Ontario when fully implemented.

We want to ensure that our tax incentives are effective, useful and relevant. We also believe that tax incentives for certain activities should not be a substitute for low tax rates across the board.

These first three components of *Ontario's Edge* are intended to build on Ontario's tax competitiveness.

LOWER TAXES FOR PEOPLE AND BUSINESSES

- We propose to cut the lowest personal income tax rate to 5.65 per cent over the next two years, and the middle rate to 8.85 per cent.
- The surtax threshold would be raised January 1, 2003, so that no one earning less than $70,000 would pay surtax; one-third of surtax payers—more than 340,000 people—would be relieved of this burden.
- Every taxpayer would see a benefit, with the largest percentage reductions concentrated on taxpayers with lower and middle incomes.
- 95 per cent of taxpayers—and virtually everyone earning less than $100,000 a year—would see a cut of at least 20 per cent.
- This would exceed our 1999 promise to deliver a 20 per cent, $4 billion tax cut to people in Ontario.
- We propose to legislate the remaining steps to reduce the corporate income tax rate to eight per cent by 2005. The small business tax rate will be four per cent by 2005.
- We propose to eliminate the capital tax on the first $5 million of taxable capital.
- Tax cuts since 1995 would provide more than $16 billion in benefits to people and businesses in Ontario when fully implemented.

As announced in the Throne Speech, an independent task force will monitor Ontario's productivity and compare it with our competitors. Roger Martin, Dean of the Joseph L. Rotman School of Management at the University of Toronto, will lead the task force measuring our progress.

Mr. Speaker, there is one more aspect to *Ontario's Edge*.

The fourth component is to build on the quality of life we hold so dear in Ontario.

When businesses come here, they bring more than employees—they bring families who make this province their home.

As a result, our communities are expanding.

There are more cars on our roads and more congestion on our highways.

Mr. Speaker, today I am announcing a way to address the gridlock that is threatening to compromise the quality of life in our urban areas in Ontario.

It is important that we solve this problem.

Allow me to tell you a story I heard on a recent visit to Kanata.

I met a Canadian high-tech entrepreneur who recently moved his family and his business back to the Ottawa area from San Jose, California. Quite simply, he left because he was tired of fighting traffic—tired of spending more time in his car on the freeway than at home with his family.

He said Ontario offered him a better way of life. And it does.

He also said our taxes in Ontario are now competitive.

Mr. Speaker, in order to keep people like this man and his family in Ontario we must address the gridlock on our roads.

That's why I am announcing today that we will focus the remaining $500 million of our $1 billion SuperBuild Millennium Partnerships initiative on transportation and environmental initiatives.

We challenge our partners in the private sector and the municipal and federal levels of government to join us and invest in this important initiative.

Since 1995, our government has invested more than $5 billion in the province's highway system. Our commitment is ongoing. We are determining how best to expand and manage our highways. As part of this exercise, SuperBuild will examine opportunities for the private sector to contribute to our highway system.

In fact, tomorrow morning SuperBuild will begin the process of calling on the private sector to complete Highway 407 East to Highways 35 and 115.

Investing in transportation will take some of the pressure off our highways in Ottawa, Toronto and several of our other largest cities and growing regions.

We want to ensure that the high-tech entrepreneur in Kanata and all commuters, whether they're from Orangeville, Clarington or Richmond Hill, have access to a seamless system of transportation and an excellent quality of life.

It is clear that Ontario has an edge over most other jurisdictions in North America when it comes to quality of life.

SuperBuild and Smart Growth

- We will address the gridlock in the Greater Toronto Area and surrounding regions with a $250 million SuperBuild investment in inter-regional transit expansion.
- We are also investing $250 million in strategic infrastructure, including transportation and environmental projects, to support Smart Growth in Ottawa, Hamilton, Windsor, London, Sudbury, Thunder Bay, Waterloo Region and Niagara Region. The City of Ottawa will be receiving $70 million of this funding.
- We are making a $500 million SuperBuild investment to revitalize the Toronto Waterfront to strengthen the city's international competitiveness and create jobs and neighbourhoods in its downtown.
- We are investing $906 million in provincial highways this year, including $290 million for northern Ontario, and planning the strategic transportation corridors of tomorrow. The government will examine public-private partnerships to finance, build and operate highways, including tolling options.

Since 1995, our government has invested more than $5 billion in the province's highway system. Our commitment is ongoing. We are determining how best to expand and manage our highways. As part of this exercise, SuperBuild will examine opportunities for the private sector to contribute to our highway system.

In fact, tomorrow morning SuperBuild will begin the process of calling on the private sector to complete Highway 407 East to Highways 35 and 115.

Investing in transportation will take some of the pressure off our highways in Ottawa, Toronto and several of our other largest cities and growing regions.

We want to ensure that the high-tech entrepreneur in Kanata and all commuters, whether they're from Orangeville, Clarington or Richmond Hill, have access to a seamless system of transportation and an excellent quality of life.

It is clear that Ontario has an edge over most other jurisdictions in North America when it comes to quality of life.

SuperBuild and Smart Growth

- We will address the gridlock in the Greater Toronto Area and surrounding regions with a $250 million SuperBuild investment in inter-regional transit expansion.
- We are also investing $250 million in strategic infrastructure, including transportation and environmental projects, to support Smart Growth in Ottawa, Hamilton, Windsor, London, Sudbury, Thunder Bay, Waterloo Region and Niagara Region. The City of Ottawa will be receiving $70 million of this funding.
- We are making a $500 million SuperBuild investment to revitalize the Toronto Waterfront to strengthen the city's international competitiveness and create jobs and neighbourhoods in its downtown.
- We are investing $906 million in provincial highways this year, including $290 million for northern Ontario, and planning the strategic transportation corridors of tomorrow. The government will examine public-private partnerships to finance, build and operate highways, including tolling options.

- We are assessing strategic transportation corridors including an east-west route in the northern part of the GTA, extensions of Highways 427 and 404 and a Bradford bypass, a new mid-peninsula Niagara corridor, expansion of the Windsor-Detroit gateway and an Ottawa Ring Road.
- We are investing $240 million for Round 1 of Ontario Small Towns And Rural (OSTAR) to ensure that Ontario communities have clean water and safe bridges, and we are developing a long-term water and sewer infrastructure investment and financing strategy through SuperBuild.
- We are investing $300 million over five years in SuperBuild's Sports, Culture and Tourism Partnerships initiative to rebuild and enhance sports, cultural, recreation and tourism facilities in communities across the province.

Clean air and water are important aspects of our quality of life in Ontario.

Mr. Speaker, I am pleased to announce we are increasing our investment in the environment.

We will provide $25 million more this year to ensure that our drinking water is safe and our air is clean. This means that we have increased operating funding to the Ministry of the Environment by 51 per cent since 1997-98.

We will also continue our commitment to the Natural Areas Protection Program, which protects the beauty of the Bruce Trail, the Rouge Valley, the Lynde Marsh and the Niagara Escarpment. We will contribute $5 million this year.

Thriving arts and culture are also important aspects of our quality of life. We are devoting more than $90 million to arts and culture. This year, we are doubling our funding to the Arts Endowment Fund, from $5 million to $10 million.

Clean air, good schools, efficient transportation, quality hospitals and low taxes are all part of creating a healthy and competitive

- We are assessing strategic transportation corridors including an east-west route in the northern part of the GTA, extensions of Highways 427 and 404 and a Bradford bypass, a new mid-peninsula Niagara corridor, expansion of the Windsor-Detroit gateway and an Ottawa Ring Road.
- We are investing $240 million for Round 1 of Ontario Small Towns And Rural (OSTAR) to ensure that Ontario communities have clean water and safe bridges, and we are developing a long-term water and sewer infrastructure investment and financing strategy through SuperBuild.
- We are investing $300 million over five years in SuperBuild's Sports, Culture and Tourism Partnerships initiative to rebuild and enhance sports, cultural, recreation and tourism facilities in communities across the province.

Clean air and water are important aspects of our quality of life in Ontario.

Mr. Speaker, I am pleased to announce we are increasing our investment in the environment.

We will provide $25 million more this year to ensure that our drinking water is safe and our air is clean. This means that we have increased operating funding to the Ministry of the Environment by 51 per cent since 1997-98.

We will also continue our commitment to the Natural Areas Protection Program, which protects the beauty of the Bruce Trail, the Rouge Valley, the Lynde Marsh and the Niagara Escarpment. We will contribute $5 million this year.

Thriving arts and culture are also important aspects of our quality of life. We are devoting more than $90 million to arts and culture. This year, we are doubling our funding to the Arts Endowment Fund, from $5 million to $10 million.

Clean air, good schools, efficient transportation, quality hospitals and low taxes are all part of creating a healthy and competitive

business environment in Ontario. When our businesses are successful, so too are the people who work for them.

The evidence is all around us. It is in the young family buying their first home. It is in the new graduate getting a meaningful job. It is in all the opportunities people in Ontario have today that they did not have before 1995.

Value for Money

Mr. Speaker, we want the people of Ontario to continue to have the kinds of opportunities they enjoy today. We want an economy that creates the jobs they need. We also want to guarantee them continued access to good schools, caring doctors and nurses, and well-run hospitals—to the public services they value the most.

People told us that health care is their top spending priority. We listened and we responded. We have invested as no other government before in this vital area. This year alone we are increasing health operating spending by $1.2 billion or 5.4 per cent. This is comparable to the average increase of 5.3 per cent in all other provinces, excluding Alberta.

Mr. Speaker, we have kept our promise on health care spending. We have increased our investment in health care by almost $6 billion since we came to office. The federal government, on the other hand, is providing *less* to health care in Ontario today than it did back then. Incredible as it may seem, Ontario has been paying 100 per cent of the increase in health care costs with no help from Ottawa.

Instead, the federal government is poised to show a surplus of nearly $20 billion for 2000-01. Surely the federal government could invest some of this money in health care.

Mr. Speaker, we have exceeded our Blueprint commitment on health care spending. And we will continue to invest in health care to meet the needs of the province as our population grows and people age.

In 1995-96, 38 cents of every dollar that we spent on programs went to health care. This year it will be 45 cents.

Today we are spending $745 per second on health care—$745 each and every second in the province of Ontario. In one minute, that adds up to nearly $45,000—more than some families earn in one year. In the time it takes to deliver this speech, we will have spent more than $2 million on health care.

Sir John A. Macdonald was fond of reminding his colleagues to "Look a little ahead..." When we look ahead five short years, we could see health care consuming 60 cents of every dollar we spend on programs.

We cannot continue to increase our spending on health care at this rate. It is simply not sustainable.

The Fyke Commission on medicare in Saskatchewan put it bluntly: "Poor organization, weak accountability, and especially the lack of quality and fairness—not money—are the main shortcomings of the health care system."

Ontario is not alone in this dilemma.

There is not a single province in Canada that isn't faced with spiralling health care costs.

The facts speak for themselves. What we need now is leadership.

The Ontario government believes that fundamental reform is necessary to save Canada's health care system. Reform on two fronts. The first is the way the federal government funds health care. I call upon the federal government to provide its fair share—50 per cent of all health care funding increases.

The second is to make the system work better.

We must act now. And we must act together. Mr. Speaker, this is a discussion that must move beyond the walls of the Ontario Legislature.

That is why I am calling on all members of the Legislature to take this debate into their communities—directly to the people of Ontario.

Members of our caucus will meet with their constituents. They will gather ideas. We want to have an open and honest dialogue with people about the future of health care.

At the same time, we will ask our partners in the health care system—doctors, nurses, patients and administrators—to help us identify the best ways to deliver quality health care.

We must take a common-sense approach to health care. We must be responsible and look at all options to help us get to our goal—reliable, high-quality health care.

We encourage the federal government to take this issue seriously and act on it quickly.

Mr. Speaker, the people of this province and this country cannot wait 18 months for Mr. Romanow to deliver his report.

It may be that the federal government does not feel the same urgency that we do.

When your financial stake in the debate is less than 14 cents on the dollar, it may be easier to procrastinate.

Wasting time does not serve the people who depend on our health care system. People need to know that when their child is sick, he or she will see a doctor. When their elderly mother breaks a hip, she will get the care she needs. When they need an annual checkup, they will get one.

Mr. Speaker, one of the first steps in health care reform is accountability.

The people of Ontario have a right to know that they are getting value for the money they invest in health care. That not a penny is misspent.

That is the responsible thing to do.

We intend to introduce legislation that will require hospitals to balance their budgets each year.

We will showcase the achievements of the most efficient hospitals.

For too long in this province we have rewarded poor performance by funding hospital deficits each year. There is no incentive to achieve better results. That is why we intend to encourage all hospitals to strive for excellence and efficiency.

We must be accountable for every dollar of taxpayer money that we spend—whether it goes to a hospital, a doctor, a community care access centre, or any other health care provider.

Last year, of every dollar that we spent on programs and capital, more than 80 cents went to individuals and organizations in the broader public sector.

Mr. Speaker, that is why hospitals, school boards, municipalities, social service agencies, colleges and universities must be accountable to the taxpayers of Ontario for the money that they spend.

This need for more accountability in the entire public sector was expressed to me by the Ontario Financial Review Commission. I would like to thank the members of the Commission and its Chair, Robert Lord, for all of their hard work.

Our government has set the bar on accountability. We made it against the law in Ontario for a government to run a deficit, forcing future governments to employ the same fiscal prudence that we have. Cabinet Ministers face a real penalty for failure: a cut in their salary.

Today I want to raise that bar.

Mr. Speaker, we are proposing to introduce a new Public Sector Accountability Act.

It would require all major organizations that receive taxpayer dollars from our government to balance their budgets each year. That is accountability to the taxpayers who fund them.

M121

IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

THE PAGES WHICH FOLLOW HAVE BEEN FILMED TWICE IN ORDER TO OBTAIN THE BEST REPRODUCTIVE QUALITY

USERS SHOULD CONSULT ALL THE PAGES REPRODUCED ON THE FICHE IN ORDER TO OBTAIN A COMPLETE READING OF THE TEXT.

REMARQUE IMPORTANTE CONCERNANT LES PAGES QUI SUIVENT

LES PAGES SUIVANTES ONT ÉTÉ REPRODUITES EN DOUBLE AFIN D'AMÉLIORER LA QUALITÉ DE REPRODUCTION

LES UTILISATEURS DOIVENT CONSULTER TOUTES LES PAGES REPRODUITES SUR LA FICHE AFIN D'OBTENIR LA LECTURE DU TEXTE INTÉGRAL

micromedia
a division of IHS Canada

20 Victoria Street
Toronto, Ontario M5C 2N8
Tel.: (416) 362-5211
Toll Free: 1-800-387-2689
Fax: (416) 362-6161
Email: info@micromedia.on.ca

TODAY'S DEBT PAYMENT: TOMORROW'S TAX CUT

- As a result of prudent management, our budget surplus in the fiscal year just ended allowed us to reduce net provincial debt by a record $3 billion.
- After only two years, we have achieved 80 per cent of our promised $5 billion reduction in net provincial debt during our current term of office.
- Net provincial debt is projected to drop by a further $2 billion over the next two fiscal years if the annual reserve is not needed, exceeding the $5 billion target.
- We are committed to using future budget surpluses for debt reduction, as well as the annual $1 billion reserve, if not needed.
- Provincial Public Debt Interest is forecast to decline by almost $90 million from last year.
- The government's balanced budget achievements and commitment to debt reduction contributed to a credit-rating upgrade from Standard and Poor's and an upwardly revised outlook from Moody's Investors Service.
- The government has a long-term plan in place to meet the obligations of the Ontario Electricity Financial Corporation by between 2010 and 2017.

But accountability does not end when the books are balanced. True accountability goes far beyond the numbers.

Public-sector organizations would have to issue plans to show what their objectives are and track their progress against those plans.

They would identify and demonstrate areas where they excel and cite areas where there is a need for improvement. They would report on their progress in finding new ways of delivering services. They would look for areas where the private sector could do a better job. And they would report on their efforts to find ongoing efficiencies.

TODAY'S DEBT PAYMENT: TOMORROW'S TAX CUT

- As a result of prudent management, our budget surplus in the fiscal year just ended allowed us to reduce net provincial debt by a record $3 billion.
- After only two years, we have achieved 80 per cent of our promised $5 billion reduction in net provincial debt during our current term of office.
- Net provincial debt is projected to drop by a further $2 billion over the next two fiscal years if the annual reserve is not needed, exceeding the $5 billion target.
- We are committed to using future budget surpluses for debt reduction, as well as the annual $1 billion reserve, if not needed.
- Provincial Public Debt Interest is forecast to decline by almost $90 million from last year.
- The government's balanced budget achievements and commitment to debt reduction contributed to a credit-rating upgrade from Standard and Poor's and an upwardly revised outlook from Moody's Investors Service.
- The government has a long-term plan in place to meet the obligations of the Ontario Electricity Financial Corporation by between 2010 and 2017.

But accountability does not end when the books are balanced. True accountability goes far beyond the numbers.

Public-sector organizations would have to issue plans to show what their objectives are and track their progress against those plans.

They would identify and demonstrate areas where they excel and cite areas where there is a need for improvement. They would report on their progress in finding new ways of delivering services. They would look for areas where the private sector could do a better job. And they would report on their efforts to find ongoing efficiencies.

We challenge them to show courage. To focus on services that are the most valuable to the people of Ontario. To eliminate programs that are outdated and that no longer serve their original purpose.

We will call on experts in the private sector to form a panel to review the role of government in the 21st century. This panel will start a public discussion on where government does and does not belong.

Mr. Speaker, we will be undertaking a value-for-money review of all government spending. It will rely on private-sector expertise in carrying out its work. This review will answer common-sense questions when assessing any government program or service. Is the service meeting its original objectives? How important is the service? Who should be delivering it?

This value-for-money review will direct us to wasteful activities that could be eliminated.

It will generate savings to invest in our highest priorities.

Accountability

- We will be undertaking a value-for-money review of government services and activities to ensure that they are delivered in the most cost-effective manner possible. This review will draw upon private-sector expertise.
- We propose to introduce a Public Sector Accountability Act that would require that all significant public-sector organizations report annually on their performance, present annual business plans and balance their budgets every year.
- We propose to rename the Ontario Property Assessment Corporation to more accurately reflect its nature, as the Municipal Property Assessment Corporation; we also propose to revise its governance structure; and to ensure long-term stability we propose to eliminate the potential for municipalities to opt out of the corporation.

We challenge them to show courage. To focus on services that are the most valuable to the people of Ontario. To eliminate programs that are outdated and that no longer serve their original purpose.

We will call on experts in the private sector to form a panel to review the role of government in the 21st century. This panel will start a public discussion on where government does and does not belong.

Mr. Speaker, we will be undertaking a value-for-money review of all government spending. It will rely on private-sector expertise in carrying out its work. This review will answer common-sense questions when assessing any government program or service. Is the service meeting its original objectives? How important is the service? Who should be delivering it?

This value-for-money review will direct us to wasteful activities that could be eliminated.

It will generate savings to invest in our highest priorities.

Accountability

- We will be undertaking a value-for-money review of government services and activities to ensure that they are delivered in the most cost-effective manner possible. This review will draw upon private-sector expertise.
- We propose to introduce a Public Sector Accountability Act that would require that all significant public-sector organizations report annually on their performance, present annual business plans and balance their budgets every year.
- We propose to rename the Ontario Property Assessment Corporation to more accurately reflect its nature, as the Municipal Property Assessment Corporation; we also propose to revise its governance structure; and to ensure long-term stability we propose to eliminate the potential for municipalities to opt out of the corporation.

Mr. Speaker, in order to launch this process, I am pleased to announce today that the Province is getting out of the banking business.

We are seeking a buyer for the Province of Ontario Savings Office. It is clear the private sector has more expertise than we do when it comes to running a bank.

The recent lease of the Bruce Nuclear facility is another example of providing value for money to Ontario's taxpayers.

Simply put, there was a need for investment at the Bruce Nuclear facility to improve its performance without jeopardizing safety.

Bruce Power, a private-sector consortium, answered our call, leasing the facility from Ontario Power Generation.

This is the kind of cost-effective solution that leads to greater value for electricity customers and taxpayers alike.

Bruce Power's success encourages us to seek other avenues of private-sector expertise. Other ways to increase value to customers and taxpayers.

Mr. Speaker, I believe that no other jurisdiction in North America is so actively pursuing value for taxpayers' money.

We owe this to the people of Ontario.

Helping the Most Vulnerable

Mr. Speaker, it is a priority for this government to care for the most vulnerable people in our society.

People who are unable to work because of disability or disease. People who are at risk of violence.

Supporting our most vulnerable people is, perhaps, the most responsible thing we can do.

It is our duty as a government.

Aging parents of adult children with developmental disabilities should not have to worry about where their children will live when they are gone, or who will provide for them when they no longer can.

Mr. Speaker, I am confident that every member of this House has encountered families in this very difficult situation.

We can only begin to understand the challenges they face.

That is why I am announcing that we will invest $67 million over five years to construct new facilities for adults with developmental disabilities. In addition, we will provide $55 million this year, growing to nearly $200 million by 2006-07, to enhance services for people with developmental disabilities and attract more quality caregivers.

We recognize that these dedicated workers deserve our support.

I would like to thank the Ontario Association for Community Living for its advice in determining the best means of supporting adults with developmental disabilities.

Mr. Speaker, children with severe disabilities have the same right to live with dignity and comfort as do other children. The province's network of Children's Treatment Centres is often an essential support in these children's lives.

They provide a wide range of valuable services to children with cerebral palsy, spina bifida, autism, brain injuries and developmental learning disabilities.

It is the responsibility of government and our society at large to provide as much as we can for these children. That is why I am announcing a $20 million annual increase in funding for Children's Treatment Centres.

HELPING THE MOST VULNERABLE

- We will provide $55 million in 2001-02, growing to $197 million annually, to enhance services and supports for people with developmental disabilities; we will also invest $67 million over five years to build new places for them to live within the community.
- We will provide $26 million over the next four years to improve the safety and security of abused women and their children in crisis by adding 300 beds in shelters and refurbishing another 100; we will also provide $3 million this year, growing to $9 million annually, for counselling, telephone crisis services and other supports.
- Recognizing innovative approaches to meeting needs, Children's Treatment Centres will receive an additional $20 million annually.
- We are providing an additional $3 million this year and $4 million annually in future years to expand education supports for children and youth in institutions and facilities, such as hospitals, children's mental health centres and correctional facilities.
- We will invest $26 million over three years to upgrade, renovate and build or purchase new facilities for community mental health organizations.
- Children's Aid Societies will receive an additional $8 million annually to protect children from abuse and neglect.
- We will spend $15 million annually to break the cycle of youth prostitution and punish those who exploit young people.

SAFE COMMUNITIES

- We will invest $6 million annually for police and dedicated Crown attorneys to enhance the comprehensive, multi-pronged approach to combat organized crime.
- An additional $2 million annually will go to the electronic monitoring of adult offenders who are serving their sentences in our communities.
- We are providing $3 million annually to extend Project Turnaround for another two years.
- $1 million annually will be used to double the number of Youth Justice Committees from 18 to 36.

Mr. Speaker, today in Ontario, no woman or child should have to tolerate domestic violence or live in fear of an abusive family member. That is why I am announcing that we will spend $26 million over the next four years to create 300 new beds in shelters across the province. We will also provide $9 million annually for counselling and other support.

This Budget also includes other measures to ensure the safety of people and communities.

For example, we will double the number of Youth Justice Committees from 18 to 36.

In these committees, non-violent young offenders face probing examinations of what they did, why they did it, how it affects the community and how that young offender can make up for it.

Intervening in the lives of non-violent young offenders and holding them accountable for their actions in a meaningful way is one of the most important things we can do for these young people. Active intervention by the community actually makes a difference in the lives of young people.

SAFE COMMUNITIES

- We will invest $6 million annually for police and dedicated Crown attorneys to enhance the comprehensive, multi-pronged approach to combat organized crime.
- An additional $2 million annually will go to the electronic monitoring of adult offenders who are serving their sentences in our communities.
- We are providing $3 million annually to extend Project Turnaround for another two years.
- $1 million annually will be used to double the number of Youth Justice Committees from 18 to 36.

Mr. Speaker, today in Ontario, no woman or child should have to tolerate domestic violence or live in fear of an abusive family member. That is why I am announcing that we will spend $26 million over the next four years to create 300 new beds in shelters across the province. We will also provide $9 million annually for counselling and other support.

This Budget also includes other measures to ensure the safety of people and communities.

For example, we will double the number of Youth Justice Committees from 18 to 36.

In these committees, non-violent young offenders face probing examinations of what they did, why they did it, how it affects the community and how that young offender can make up for it.

Intervening in the lives of non-violent young offenders and holding them accountable for their actions in a meaningful way is one of the most important things we can do for these young people. Active intervention by the community actually makes a difference in the lives of young people.

All of us benefit if we can prevent them from graduating to more serious crimes.

Mr. Speaker, it is up to government to ensure vulnerable people in our society have our support.

That is what we are doing. We believe that is the role of a responsible government.

Investing in Our Young People

Mr. Speaker, building growth in our economy requires an investment in our people. Our young people are perhaps our biggest resource.

This government has invested strongly in the well-being of children and young people—from the moment they take their first steps to the day they start their first job.

A foundation of our approach is to invest in programs that reach children in their earliest years, when finding and fixing problems does the most good.

I am very pleased today to announce that we will increase our investment in early years programs by $114 million this year, growing to $193 million.

This action builds on a solid base of programs that support families and help children before they enter school. These programs reach children early to ensure healthier growth later. A key new initiative will be a system of local Early Years Centres throughout the province for children and their parents.

Mr. Speaker, our Throne Speech set out a vision for education in this province—a vision of high standards for students and more choice for parents.

Excellence and investment in our public education system pay dividends in the future.

Since 1995, we have increased education spending from $12.9 billion to almost $14 billion, which is more than required to meet enrolment growth.

I am pleased to announce today that our allocation for the publicly funded school system will increase by $360 million this year.

This funding will ensure that students—whether they go to a public, Catholic or francophone school—have the tools they need to succeed.

We are firmly committed to a quality publicly funded education system. We will continue to make new investments in the publicly funded education system to improve the quality of education in Ontario.

Mr. Speaker, for years we've heard from parents who want their children educated in their own culture and religion.

Some parents feel the only way to do that is to send them to an independent school.

For many, the cost is prohibitive.

Mr. Speaker, while we continue to provide increased funding to our public education system, we believe it is now time to address the concerns of these parents.

Over the next five years, we propose to phase in a partial tax credit for parents of children at independent schools.

With this measure, Ontario would join other provinces in supporting educational choice.

Mr. Speaker, I often tell young people that the best investment they can make is in their education. As a government, we believe it is one of the best investments we can make for the future of this province.

That is why I am pleased to announce one of the largest investments ever made in Ontario's post-secondary education system.

In the fall of 2003, a record number of new university and college students will arrive on campus. There are three reasons for that.

First, more young people are pursuing higher education than in the past. Second, the baby-boom echo will cause those numbers to swell. And third, all Grade 12 and OAC students graduate together for the first time.

These are landmark events in our education system. They demand a landmark response.

Today, I am pleased to announce that we are providing certainty to each and every one of these students—and their parents—that there will be a place for them at an Ontario college or university.

Through our SuperBuild Corporation, we have already committed to construct 73,000 new student spaces.

Mr. Speaker, today I am announcing the next step. We will increase our support for colleges and universities by a projected $293 million by 2003-04.

Government is planning ahead so that colleges and universities can plan ahead, with a clear funding framework in place.

We are taking the extraordinary step of committing today to the level of funding we will provide to post-secondary institutions over the next three years.

We are providing them with the certainty they need to be able to plan for 2003.

A PLACE FOR EVERY STUDENT

- We are committing funding for colleges and universities that will reflect the number of students entering the post-secondary system.
- An increase in operating grants to colleges and universities of an estimated $293 million by 2003-04 will address anticipated enrolment increases resulting from secondary school reform, demographic factors and a rising participation rate.
- We have provided more than $1 billion through SuperBuild to expand and modernize post-secondary facilities, creating 73,000 new spaces for students; through arrangements with partners, a total of $1.8 billion will be invested, the largest capital investment in post-secondary education in 30 years.
- We have allocated $100 million to address the maintenance costs incurred at colleges and universities.
- We have invested $60 million to start up an innovative post-secondary institution, the Ontario Institute of Technology.
- We will help Ontario universities to compete better globally in attracting and keeping world-class senior researchers by each year awarding two Premier's Platinum Awards for research excellence.

SHARPENING OUR SKILLS

- We are providing $50 million over five years for up-to-date equipment and facilities in colleges for apprenticeship programs.
- $33 million will be invested by 2004-05 to double the number of entrants to apprenticeship programs in the skilled trades.
- We will provide $12 million over three years to help foreign-trained professionals, including engineering technicians, nurses, other health care workers and teachers, employ their skills more quickly in Ontario.
- The Access to Opportunities Program (ATOP) will create 23,000 new spaces in computer science and high-demand engineering programs in colleges and universities.

Mr. Speaker, preparing for the influx of post-secondary students we are expecting in the coming years isn't just about money.

We must continue to find creative ways to educate our young people.

To prepare them for the working world beyond college and university.

To pinpoint the skills they need to get a job and provide courses that teach those skills.

Mr. Speaker, I am pleased to announce an exciting new venture in post-secondary education.

We have invested $60 million in the Ontario Institute of Technology (OIT)—a new university to be located on the campus of Durham College.

The OIT will focus on providing students with a seamless transition among college and university programs.

It will provide one-stop shopping for students looking for a mix of academic and hands-on experience.

A Plan for the Future

Mr. Speaker, the responsible choices we make today guarantee tomorrow's prosperity. There is no question there are challenges ahead. There is no question we are the government to tackle those challenges.

Our plan is a solid one: cut taxes for growth, spend accountably, spend responsibly. Our plan is common sense.

Our plan does not end with this Budget.

We must not be complacent.

We must continue to be responsive to the needs of the people of this province.

We must continue to make responsible choices on their behalf.

We must continue to focus on our pledge to make Ontario the best place to live, work and raise a family in the 21st century.

Thank you, Mr. Speaker.